



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9788]

RIN 1545-BM84

Liabilities Recognized as Recourse Partnership Liabilities Under Section 752; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations; correction.

SUMMARY: This document contains corrections to final and temporary regulations (TD 9788)

that were published in the **Federal Register** on Wednesday, October 5, 2016 (81 FR 69282).

The final and temporary regulations provide rules concerning how liabilities are allocated for purposes of section 707 of the Internal Revenue Code and when certain obligations are recognized for purposes of determining whether a liability is a recourse partnership liability under section 752.

DATES: This correction is effective **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]** and is applicable on and after January 3, 2017.

FOR FURTHER INFORMATION CONTACT: Caroline E. Hay or Deane M. Burke (202) 317-5279 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final and temporary regulations (TD 9788) that are the subject of this correction are under sections 707 and 752 of the Internal Revenue Code.

Need for Correction

As published, the final and temporary regulations (TD 9788) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the final and temporary regulations (TD 9788), that are the subject of FR Doc. 2016-23388, are corrected as follows:

On page 69284, in the preamble, first column, the last sentence from the bottom of the first full paragraph, “Therefore, the 707 Temporary Regulations provide that a partner’s share of a partnership liability for disguised sale purposes does not include any amount of the liability for which another partner bears the EROL for the partnership liability under §1.752-2.” is corrected to read “Therefore, the 707 Temporary Regulations provide that for purposes of §1.707-5, a partner’s share of a liability of a partnership, as defined in §1.752-1(a) (whether a recourse liability or a nonrecourse liability) is determined by applying the same percentage used to determine the partner’s share of the excess nonrecourse liability under §1.752-3(a)(3) (as limited in its application to §1.707-5T(a)(2)), but such share shall not exceed the partner’s share of the partnership liability under section 752 and applicable regulations (as limited in the application of §1.752-3(a)(3) to §1.707-5T(a)(2)).”.

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